



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

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OFFICE OF
SOLID WASTE AND
EMERGENCY RESPONSE

MEMORANDUM

SUBJECT: Report to EPA Senior Management on the Status of Superfund Special Accounts and Activities of the Special Accounts Senior Management Committee in FY 2014

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On behalf of the Special Accounts Senior Management Committee (SASMC), I am providing this report on the activities of the SASMC for fiscal year (FY) 2014 in accordance with the charter establishing the SASMC.¹ This report provides an overall status of special accounts in FY 2014 and covers activities of the SASMC from October 1, 2013 through September 30, 2014. Prior annual reports covered activities that occurred each calendar year. However, the recently revised charter clarifies that these reports will cover activities of the SASMC in each fiscal year.

¹ The charter establishing the Special Accounts Senior Management Committee can be found at:
<http://intranet.epa.gov/osrti/topics/pdf/FinalSignedCharterforSFSpecialAccountsSrMgmtCommittee.pdf>.

Highlights for FY 2014

In FY 2014, the EPA received more than \$505 million for deposit into special accounts, more than double the amounts received in the two prior fiscal years. The increase in receipts deposited in FY 2014 is largely due to more than \$248 million deposited in an account for the New Bedford Harbor site in Massachusetts and \$58.7 million deposited in an account for the Bunker Hill Mining & Metallurgical Complex site in Idaho. These funds will be spent for site response work to occur over multiple years at these sites.

In FY 2014, of the approximately \$221.8 million obligated or disbursed for site response work (excluding reclassifications), more than \$100 million was disbursed and/or obligated from special accounts for response work at 4 Superfund sites (see Figure 1). Due to the availability of special account funds, work was able to be done at these sites while appropriated funds were used for other sites where special account funds were not available.

Figure 1. Largest Disbursements and Obligations in FY 2014 for Sites with Special Accounts

Site Name	FY 2014 Disbursements & Obligations (excluding reclassifications)
New Bedford	\$69.5 million
Libby Asbestos Site	\$21.0 million
Bunker Hill Mining & Metallurgical Complex	\$15.9 million
Omaha Lead	\$7.2 million

In FY 2014, the EPA was directed to report to the House and Senate Committees on Appropriations on the practical and legal implications of re-prioritizing funds planned for future activities from special accounts to cleanup activities in the near term to address human health and environmental concerns. The report was also to evaluate alternative uses for these funds, including short term activities to reduce or eliminate human exposures and groundwater migration. The EPA provided its report to the committees in May 2014, and in response the report accompanying the House Appropriations Committee FY 2015 appropriations bill for EPA stated they were encouraged by the steps EPA had taken toward effective, centralized management of special accounts and appreciated the additional information included in the Congressional Justification with respect to special accounts.

In addition, the SASMC met twice in FY 2014 to discuss topics related to the Agency's management and use of special accounts. Topics that were discussed at these meetings included:

- exploring the possibility to use special accounts for indirect costs;
- results of the pilot conducted in FY 2013 to use special account funds for site-specific laboratory analysis funded through the Contract Laboratory Program (CLP) and Environmental Services Assistance Teams (ESAT) and implementation of the pilot in FY 2014 across all 10 regions;
- the placement and management of Superfund special account information on the internet and One EPA web efforts;
- updating the SASMC charter; and,
- concerns with the current placement of special account receipts and interest in the Superfund Trust Fund.

In FY 2014, the SASMC also updated the "Data Monitoring Plan for Special Accounts" to include regional Superfund Division Director review on an annual basis special accounts with less than \$25,000 available for obligation or disbursement to determine if these accounts can be closed. The SASMC also issued the "Use of Special Accounts for Oversight Costs" memorandum encouraging the use of special

account funds for EPA's cost of oversight for actions being performed by potentially responsible parties (PRPs).

Background

The Superfund program is responsible for identifying and cleaning up abandoned hazardous waste sites. As part of EPA's "enforcement first" policy, the Agency pursues responsible parties requiring them to conduct or finance cleanups. PRPs may finance cleanups by entering into a settlement concerning a site with EPA who then deposits the settlement funds into a special account for use at that site, as permitted under CERCLA section 122(b)(3).

Special accounts are site-specific, interest bearing sub-accounts within the Superfund Trust Fund used to fund site-specific work. The Agency's goal for the establishment and use of special accounts is to ensure responsible parties pay for cleanup by providing PRP settlement dollars to fund future response work. Through the use of special accounts, appropriated Trust Fund resources can be conserved for sites where PRP resources are not available. More than \$1 billion has been spent from special accounts for 10 Superfund sites, including more than \$229 million for the Libby Asbestos site in Montana, \$179 million for the New Bedford Harbor site in Massachusetts, and \$144 million spent for the Bunker Hill Mining & Metallurgical Complex site in Idaho from special accounts. The use of special account resources for these sites allows appropriated funds to be used at other high priority sites while work continues at these sites.

Multiple offices in the regions and Headquarters have responsibility for the establishment and management of special accounts, which requires extensive coordination among the regions and Headquarters offices. In order to further improve management, transparency, and accountability among the offices involved with special accounts, the SASMC was officially established in April 2009 by the leaders of the Office of Solid Waste and Emergency Response (OSWER), Office of Enforcement and Compliance Assurance (OECA), Office of the Chief Financial Officer (OCFO), Region 7 (Superfund Lead Region), and Region 8 (Management Lead Region).

Current members of the SASMC are the Directors for OSWER's Office of Superfund Remediation and Technology Innovation (OSRTI), OECA's Office of Site Remediation Enforcement (OSRE), OCFO's Office of Financial Management (OFM), Office of Budget (OB), and Office of Financial Services (OFS), the Region 2 Emergency and Remedial Response Division, and the Region 9 Management and Technical Services Division. The Director of OSRTI serves as the Chair of the Committee.

Status of Special Accounts

At the end of FY 2014, a balance of approximately \$2.0 billion was available for obligation in 1,005 open site-specific accounts (see Attachment 1). These accounts are at 814 Superfund sites, as some sites have multiple special accounts established. Since the inception of special accounts through the end of FY 2014, the EPA has collected approximately \$4.6 billion from PRPs and earned more than \$428 million in interest. In addition, the EPA has transferred over \$26 million to the Superfund Trust Fund. More than \$2.7 billion has been disbursed to finance site response actions and over \$300 million has been obligated but not yet disbursed from special accounts.

In FY 2014, approximately \$191 million was disbursed from special accounts for site response work (excluding reclassifications), and unliquidated obligations increased from \$270 million at the end of FY 2013 to more than \$300 million at the end of FY 2014. Overall, total disbursements and obligations

from special accounts declined slightly in FY 2014 (\$256.6 million) compared to FY 2013 (\$259.1 million). However, since the end of FY 2009 EPA has obligated or disbursed more than \$1.4 billion from special accounts (including reclassifications) for site response work, resulting in a significant amount of work performed by the Superfund program in addition to work where appropriated funds were used (see Table 1).

In FY 2014, the EPA received more than \$505 million for deposit into special accounts, more than double the amounts received in FY 2012 (\$221 million) or FY 2013 (\$176 million) for site-specific response work. The increase in receipts deposited in FY 2014 is largely due to more than \$248 million deposited in an account for the New Bedford Harbor site in Massachusetts and \$58.7 million deposited in an account for the Bunker Hill Mining & Metallurgical Complex site in Idaho. The funds deposited in these two accounts represent more than 60 percent of all special account deposits in FY 2014, and these funds will be spent for site response work to occur over multiple years.

It is also important to note that a portion of the interest earned in FY 2014 on special account funds was sequestered due to the Budget Control Act of 2011. The special account interest sequestered in FY 2014 is available for obligation and disbursement in FY 2015. However, a portion of special account interest earned in FY 2015 will be sequestered, and not available for obligation or disbursement until FY 2016.

**Table 1: Summary Special Account Financial Data
End of Fiscal Year (EOFY) 2009 to EOFY 2014**

\$ in Millions	Cumulative EOFY 2009	FY 2010 Activity	FY 2011 Activity	FY 2012 Activity	FY 2013 Activity	FY 2014 Activity	Cumulative EOFY 2014	Change from EOFY 2009 to EOFY 2014	% Change from EOFY 2009 to EOFY 2014
Net Receipts & Interest Earned²	\$2,953.2	\$727.0	\$360.0	\$227.6	\$186.4	\$517.9	\$4,972.1	\$2,018.9	68%
Net Disbursements and Obligations	\$1,610.5	\$274.5	\$343.6	\$276.0	\$259.1	\$256.6	\$3,020.4	\$1,409.9	88%
Change in Available Balance from Prior FY		\$452.5	\$16.3	(\$48.4)	(\$72.8)	\$261.3			
EOFY Available Balance	\$1,342.7	\$1,795.2	\$1,811.5	\$1,763.1	\$1,690.3	\$1,951.6		\$608.9	45%

Summary of FY 2014 SASMC Activities

The SASMC is responsible for overall oversight and management of special accounts. In FY 2014, the SASMC monitored the status of special accounts and ensured that each member office fulfilled its responsibilities under the Superfund Special Accounts Management Strategy.³

The SASMC meetings provide a venue for senior managers to meet face-to-face to discuss and resolve issues related to special accounts. The SASMC met on January 29, 2014 and August 6, 2014. Topics that were discussed at these meetings included:

- exploring the possibility to use special accounts for indirect costs;

² Net Receipts & Interest Earned reflects receipts collected, net interest earned, and receipts transferred to the Superfund Trust Fund as of October 1st of each fiscal year.

³ The Superfund Special Accounts Management Strategy for 2013-2015 was issued March 15, 2013 and can be found at http://www.epa.gov/superfund/pubs/pdfs/Superfund_Special_Accounts_Management_Strategy_for_2013-2015.pdf.

- results of the FY 2013 pilot to use special account funds for site-specific laboratory analysis funded through the Contract Laboratory Program (CLP) and Environmental Services Assistance Teams (ESAT) and results of the FY 2014 CLP/ESAT reimbursement process across all 10 regions;
- the placement and management of Superfund special account information on the internet and One EPA web efforts;
- updating the SASMC charter; and,
- concerns with the current placement of special account receipts and interest in the Superfund Trust Fund.

Monitoring Special Accounts

In accordance with the Data Monitoring Plan for Special Accounts (updated March 6, 2014), regional work planning review sessions of planned uses for available special account funds were conducted in FY 2014. However, a limited review of special account data was conducted at mid-year in FY 2014 due to the Superfund program's transition to the Superfund Enterprise Management System (SEMS). During the mid-year timeframe, OSRTI provided follow-up questions to each region from the work planning review and provided each region a crosswalk of planned obligations using special account funds from FY 2014 work planning and the status of obligations and disbursements in FY 2014 against those planned actions as of mid-year.

OSRTI and OSRE staff worked with the regions on the migration of special account planning information from CERCLIS to SEMS in the 1st quarter of FY 2014. This involved continuing to troubleshoot issues identified in the special account management screen in SEMS as well as reports developed for the special account planning data.

In February 2014, a new standard report became available in the special accounts universe of the Compass Business Objects Reporting tool. This report identifies special accounts where no disbursement or obligation activity has occurred in the previous 5 fiscal years and allows for Headquarters and regions to more easily identify these accounts.

The SASMC received analysis in preparation for their semi-annual meetings on the regions' plans for using special accounts and provided direction, as appropriate, to staff for further analysis and monitoring. Areas of particular focus by Headquarters during planning data reviews in FY 2014 included: accounts 10 years old or more, accounts with more than \$1 million available, and accounts with less than 30 percent utilization, as well as use of specific planning fields such as the "Protectiveness Contingency" field.

As part of the work planning process conducted in the 1st quarter of FY 2014, OSRTI provided to the regions a list of special accounts with more than \$1 million available and a list of special accounts with no disbursement or obligation activity in the past 5 years. Regional Superfund Division Directors reviewed plans for the use of these accounts to ensure effective utilization of funds.⁴

OCFO's Cincinnati Finance Center (CFC) conducted reviews of special accounts with negative balances and notified regions of corrective actions required to address the negative balances. Beginning in

⁴ See the memorandum, "Effective Utilization of Superfund Special Accounts" (April 2, 2012) available at: http://www.epa.gov/superfund/pubs/pdfs/SF%20Special%20Accounts_Effective%20Utilization%20Memo.pdf.

January 2014, CFC conducted these reviews on a monthly basis rather than a quarterly basis in order to better manage negatives balances and more effectively monitor accounts.

Reclassifications, Transfers to the Trust Fund, and Account Closures

In FY 2014, OSRTI monitored the accomplishment of reclassifications, transfers to the Trust Fund, and account closures planned in CERCLIS by the regions for special accounts. In FY 2014, more than \$34 million was reclassified in 37 accounts, \$3.1 million of receipts were transferred to the Trust Fund in 19 accounts, and \$194.2 thousand of interest earned was returned to the Trust Fund in 25 accounts. In addition, 39 special accounts were closed. OSRTI and OSRE received draft and/or final notifications for reclassification, transfer to the Trust Fund, and/or closure actions for 72 special accounts in FY 2014. OSRTI provided to the regional Superfund Division Directors and the SASMC quarterly status reports of the plans and accomplishments for these actions in FY 2014.

Reporting Special Account Information Publicly

The SASMC committed to report special account financial and planning information in a public, transparent manner in response to the OIG and congressional requests. Special account financial and planning information was released with the FY 2015 EPA Annual Performance Plan and Congressional Justification on March 4, 2014.⁵ In addition, a summary of the financial status of special accounts at the end of FY 2014 has been updated on the EPA's special accounts page on the Internet. This information is updated at least annually.

Communication, Training and Outreach

Staff of the SASMC held conference calls in 2014 on a monthly basis to coordinate and provide transparency among offices on activities related to the management of special accounts.

National conference calls with special account program, legal, and enforcement staff in the regions were held quarterly in FY 2014. These calls provide a forum for Headquarters offices to update regions on special account activities, as well as for regional staff to pose questions and discuss special account topics.

Guidance and Documents

On March 6, 2014, OSRTI and OSRE updated the "Data Monitoring Plan for Special Accounts." The plan was updated to reflect a recommendation from the Superfund Remedial Program Review for regional Superfund Division Directors to annually review special accounts with less than \$25,000 available to determine if it is appropriate for these accounts to remain open or if they can be closed. By closing accounts with low balances, staff and management time can be focused on other priority work and the Agency's overhead and management costs associated with keeping special accounts open can be reduced. The OSRTI Office Director sent the updated plan to regional Superfund Division Directors and the SASMC on May 6, 2014.

⁵ The status of special accounts at the end of FY 2013 can be found on pages 673-677 of EPA's FY 2015 Annual Performance Plan and Congressional Justification at: <http://www2.epa.gov/planandbudget/fy2015>.

On March 28, 2014, the “Use of Special Accounts for Oversight Costs” memorandum was issued. This memorandum encouraged the use of special account funds for EPA’s cost of oversight for actions being performed by PRPs at Superfund sites by clarifying existing guidance related to special accounts.

In the joint explanatory statement accompanying H.R. 3547, the Consolidated Appropriations Act, 2014 (Pub. L. 113-76, Rules Committee Print 113-32), the EPA was directed to report to the House and Senate Committees on Appropriations within 120 days of enactment of the act on the practical and legal implications of re-prioritizing funds planned for future year activities (such as five year reviews) to cleanup activities addressing human health and environmental concerns in the near term. The report was also to evaluate alternative uses for these funds, including short term activities to reduce or eliminate human exposures and groundwater migration. The EPA provided its report to the committees in May 2014, and in response the report accompanying the House Appropriations Committee FY 2015 appropriations bill for EPA stated they were encouraged by the steps EPA had taken toward effective, centralized management of special accounts and appreciated the additional information included in the Congressional Justification with respect to special accounts.

Upcoming Activities in FY 2015

In FY 2015, activities of the SASMC will include:

- Updating the “Consolidated Guidance on the Establishment, Management and Use of CERCLA Special Accounts” (October 4, 2002);
- Continue working with the regions on inputting plans for available special account funds in the SEMS special account management screen and resolve reporting issues;
- Continue discussions on the possibility of using special accounts for Agency indirect costs;
- Continue to investigate concerns with the placement of special account receipts in EPA’s Superfund Trust Fund expenditure account;
- Review the planning and notification process for reclassifications, transfers to the Trust Fund, and account closures and, if appropriate, develop recommendations for improvements to the process;
- Monitor accomplishment of planned reclassifications, transfers to the Trust Fund, and account closures in FY 2015;
- Monitor negative balances in special accounts and identify corrective actions to address; and,
- Monitor plans for utilizing special account funds.

Conclusion

The establishment of the SASMC has focused the Agency’s management of special accounts by opening up lines of communication among all of the Offices that play a critical role in the Agency’s management of this important resource. The structure of the SASMC also ensures that senior managers remain focused on this resource and work to ensure efficient and appropriate use of special account funds. We look forward to continuing to work together in FY 2015 and anticipate more improvements in the Agency’s management of special accounts in the future.

If you have any questions or concerns regarding this report, please feel free to contact me at (703) 603-8722 or woolford.james@epa.gov, or you may discuss with your office’s representative(s) to the SASMC.

Attachment

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Larry Starfield, OECA
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Carol Terris, OCFO/OB
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Richard Manna, Region 2
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Nigel Simon, OSWER/OPM
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Charlotte Bertrand, OSWER/FFRRO
Superfund National Policy Managers, Regions 1-10
Regional Counsels, Regions 1-10
Mary Kay Lynch, OGC
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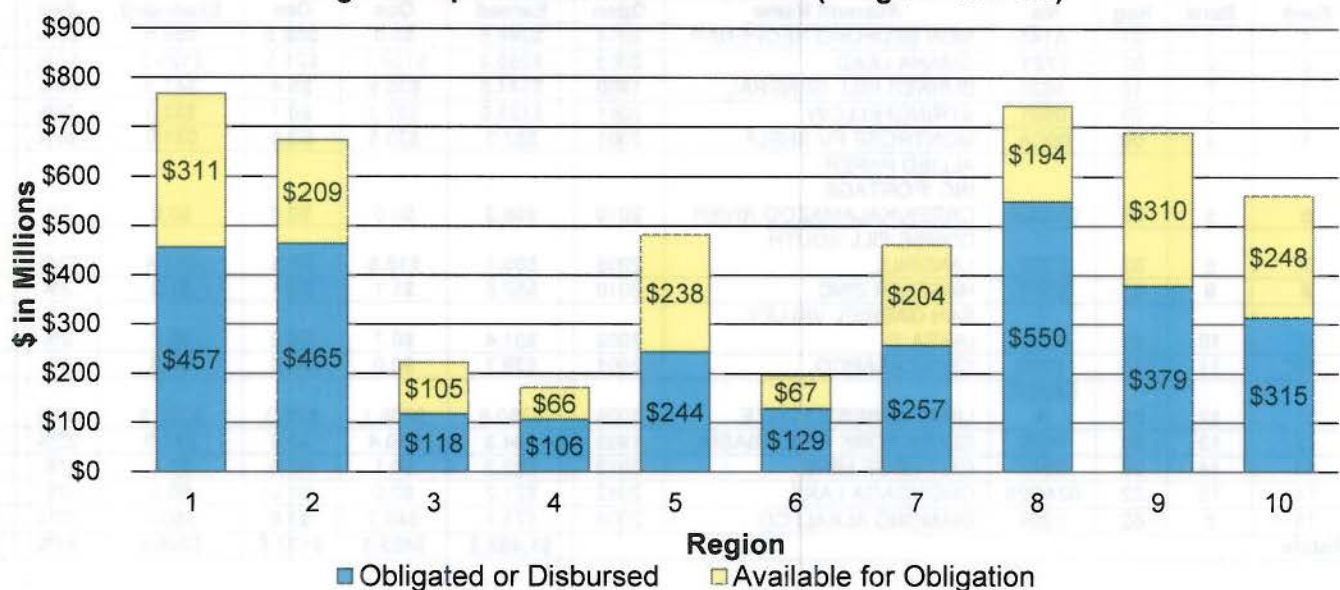
Special Accounts Quarterly Management Report – 4th Quarter FY 2014

National Status of Special Accounts (as of October 1, 2014)

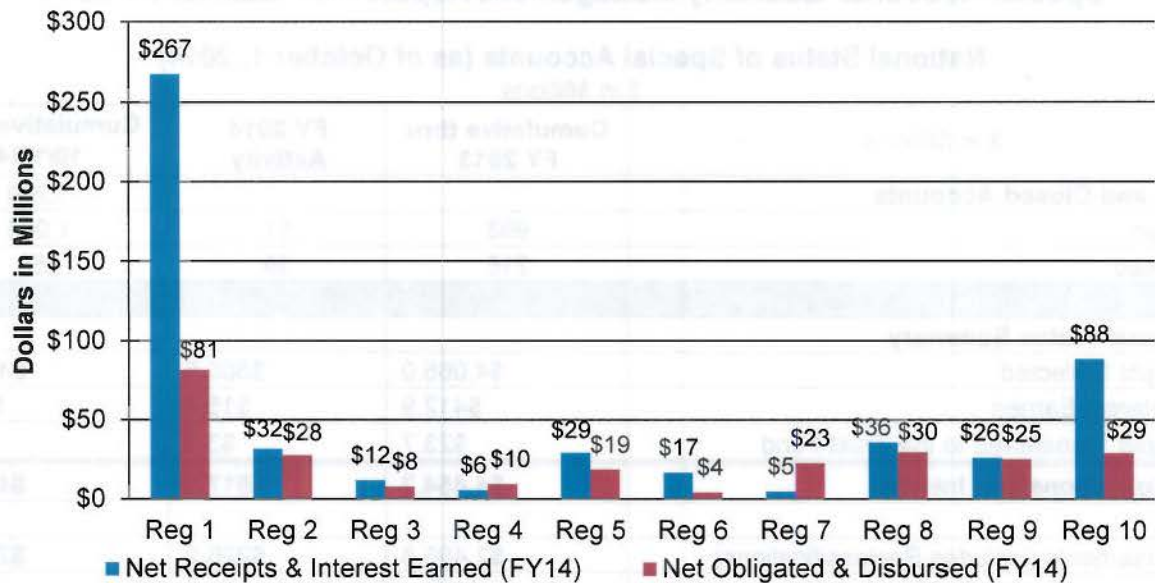
\$ in Millions

\$ in Millions	Cumulative thru FY 2013	FY 2014 Activity	Cumulative thru 10/1/14
Open and Closed Accounts			1,259
Open	993	51	1,005
Closed	215	39	254
Financial Status Summary			
Receipts Collected	\$4,065.0	\$505.5	\$4,570.5
Net Interest Earned	\$412.9	\$15.4	\$428.3
Receipts Transferred to the Trust Fund	\$23.7	\$3.1	\$26.8
Net Collections and Interest	\$4,454.2	\$517.9	\$4,972.1
Disbursements (includes Reclassifications)	\$2,493.8	\$226.2	\$2,720.0
Unliquidated Obligations	\$270.1	\$30.4	\$300.4
Net Disbursements and Obligations	\$2,763.8	\$256.6	\$3,020.4
Available for Obligation	\$1,690.3	\$261.3	\$1,951.6
Reclassifications			
Total Reclassifications Planned	N/A	\$48.5	-
Reclassifications Accomplished	\$296.1	\$34.8	\$330.9
Funds Made Available for Appropriation			
Transfers Planned	N/A	\$8.0	-
Receipts Transferred	\$23.7	\$3.1	\$26.8
Interest Reduced	\$15.6	\$0.2	\$15.8

Regional Special Account Utilization (Program to Date)



Receipts/Interest Earned & Obligations/Disbursements in FY 2014



Composition of Open Special Accounts by Amount Available

Funds Available for Obligation in Account	No. of Accounts		Sum of Funds Available for Obligation		Sum of Obligations	
Greater than \$10 Million	38	4%	\$1,204,141,040	62%	\$785,651,935	29%
Between \$1M and \$10 Million	190	19%	\$552,609,467	28%	\$782,852,623	29%
Between \$250K and \$1 Million	291	29%	\$154,377,533	8%	\$514,183,401	19%
Between \$25K and \$250K	340	34%	\$39,575,516	2%	\$642,966,789	23%
Less than \$25K	146	15%	\$1,057,765	0%	\$16,650,596	1%
Total	1,005		\$1,951,761,320		\$2,742,305,344	

Top 15 Special Accounts with the Most Available for Obligation

(\$ in Millions)

Current Rank	Last Qtr Rank	Reg	Acct No.	Account Name	FY Acct Open	Receipts & Interest Earned	Pre FY 2014 Obs	FY 2014 Obs	Total Obligated/ Expended	% Obs/ Exp	Avail Bal
1	1	01	A143	NEW BEDFORD REOPENER	2014	\$249.6	\$0.0	\$69.5	\$69.5	28%	\$180.1
2	2	07	07ZY	OMAHA LEAD	2003	\$250.2	\$104.7	\$21.6	\$126.3	50%	\$123.9
3	7	10	1020	BUNKER HILL-GENERAL	1990	\$144.8	\$35.9	\$5.4	\$41.3	29%	\$103.4
4	3	09	0901	STRINGFELLOW	2001	\$123.6	\$32.2	\$0.1	\$32.3	26%	\$91.3
5	4	09	09CA	MONTROSE PV SHELF	2001	\$87.3	\$30.5	\$0.5	\$31.0	35%	\$56.3
6	5	05	059B06	ALLIED PAPER, INC./PORTAGE CREEK/KALAMAZOO RIVER	2010	\$55.3	\$0.0	\$0.0	\$0.0	0%	\$55.3
7	6	02	0256	COMBE FILL SOUTH LANDFILL	2006	\$69.1	\$15.8	\$1.5	\$17.4	25%	\$51.7
8	9	05	B54T	HEGELER ZINC	2010	\$52.6	\$1.1	\$0.1	\$1.3	2%	\$51.3
9	10	09	09M5	SAN GABRIEL VALLEY (AREA 2)	2002	\$31.4	\$0.7	\$0.0	\$0.7	2%	\$30.7
10	11	10	10F9	CB/NT ASARCO	2001	\$29.7	\$0.0	\$0.0	\$0.0	0%	\$29.7
11	12	08	08BCR	LIBBY ASBESTOS SITE	2008	\$250.8	\$205.1	\$20.3	\$225.5	90%	\$25.3
12	13	08	0899	CLARK FORK RIVER BASIN	1993	\$34.3	\$10.4	\$0.6	\$11.0	32%	\$23.3
13	14	08	087T	GILT EDGE MINE	2012	\$22.2	\$0.1	\$0.0	\$0.1	0%	\$22.1
14	15	02	024Q25	ONONDAGA LAKE	2012	\$21.2	\$0.0	\$0.0	\$0.1	0%	\$21.1
15	8	02	0296	DIAMOND ALKALI CO.	2004	\$71.1	\$46.2	\$3.8	\$50.0	70%	\$21.1
Totals						\$1,493.2	\$482.8	\$123.6	\$606.4	41%	\$886.8